

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7437

BILL NUMBER: SB 515

NOTE PREPARED: Jan 6, 2011

BILL AMENDED:

SUBJECT: Rental Purchase Agreements.

FIRST AUTHOR: Sen. Taylor

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: This bill requires that certain disclosures in rental purchase agreements be in at least 14 point font size. It prohibits a lessor from requiring that, to acquire ownership of property under a rental purchase agreement, a lessee make rental payments that total more than two times the retail price of the property. The bill prohibits a lessor from requiring the lessee to pay certain fees, charges, amounts equal to official fees, and state sales and use taxes. It also provides that a lessee who fails to make timely rental payments has the right to reinstate the original rental purchase agreement without losing any rights or options previously acquired under the rental purchase agreement if:

(1) the lessee surrenders the property to the lessor not later than seven days after the lessor requests the surrender of the property; and

(2) not more than: (A) 30 days if the lessee has paid less than one-half of the payments under the rental purchase agreement; (B) 60 days if the lessee has paid at least one-half of the payments under the rental purchase agreement; or (C) 180 days under the rental purchase agreement; elapse after the date the lessee surrenders the property. (Current law provides that a lessee may reinstate the original purchase agreement if the lessee promptly surrenders the property upon the request of the lessor and not more than 60 days elapse after the lessee surrenders the property.)

The bill defines "cash price". It provides that a lessee may acquire ownership of the property by paying the amount equal to the cash price of the property minus 50% of all previous rental payments made pursuant to the rental purchase agreement. It repeals provisions that allows a lessor to: (1) contract for and receive an initial nonrefundable processing fee, a reasonable delivery charge, a charge for picking up rental or other payments from the lessee, or amounts equal to all official fees required to be paid under a rental purchase agreement; and (2) require the lessee to pay any state sales and use taxes levied in connection with a rental purchase agreement.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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